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OPEN MEETING AGENDA ITEM

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November 17, 2009

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

RE: Docket #E-01345A-08-0172, APS rate case, consumer opinion

Enclosed is one original and thirteen (13) copies of a consumer opinion to be submitted to the above referenced docket number.

Sincerely,

Jeff Parker
1411 Eagle Ridge Rd.
Prescott, AZ 86301
928-776-8314

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

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AZ CORP COMMISSION
DOCKET CONTROL

RE: Docket #E-01345A-08-0172, APS rate case, consumer opinion

Dear Commissioners

INTRODUCTION

Arizona Public Service bills residential consumers coincident with meter reading schedules. Meter reading schedules vary by locality and are determined by APS. Thus, the timing of billing cycles for electricity usage is imposed on consumers by APS and varies according to the neighborhood in which a particular consumer happens to reside.

I suggest to the Commission that such a situation results in unjust and unreasonable financial penalties for many consumers and may violate the statutory language of title 40.

EXAMPLE

APS residential customers A and B are both elderly, single individuals. Both receive Social Security, on the first of each month, as their only source of income. Their financial situations are such that they are only able to pay their bills on the first of each month coincident with the receipt of their monthly income. Customers A and B both pay their monthly bills regularly but they have no choice as to when bills are paid – they must pay them on the first of each month.

Customer A lives in a neighborhood where APS reads electrical usage meters towards the end of the month. Customer A receives his electric bill towards the end of each month and pays it a few days later on the first of the following month.

Customer B lives in a neighborhood where APS reads meters early in the month. Customer B receives his electric bill early in the month and pays it on the first of the following month.

DISCUSSION

In the above example, Customer B, who receives his electric bill early in the month and pays it regularly on the first of the following month, will often have his payments posted as delinquent since the time elapsed between receipt and payment of his bill will sometimes exceed the allowed grace period. Customer B will thus incur monthly fees in the form of late charges. From the point of view of Customer B, who must pay bills on the first since he has no control over the timing of his income, these monthly late charges are based solely on where he happens to reside and are, therefore, arbitrary financial penalties which arise due to the billing cycle forced upon him.

Customer B, after a few delinquent payments, will receive a demand from APS for increased deposit money. Again, from the point of view of Customer B, he incurs an arbitrary financial penalty based solely on his locality.

In the event that Customer B receives the increased deposit demand early in the month, he must set it aside until he has funds to satisfy it – on the first of the following month. In this situation, APS will disconnect his electric service before he is able to remit the increased deposit amount. He will be forced to pay several fees associated with disconnecting and reconnecting service. Again, Customer B incurs more financial penalties solely due to his locality. This expensive interruption in service can occur despite the fact that he pays his electric bill regularly and is current in his payments.

This last point bears repeating: Allowing forced billing cycles can give rise to a scenario in which APS can disconnect a consumer's electric service even though that consumer is not in arrears as regards his monthly electric bill. That any state public utilities commission would permit a regulatory environment allowing such unreasonably harsh treatment of consumers is absurd.

Customer B incurs late fees, increased deposits, and potentially other charges for his electric service. In effect, Customer B pays more for his electricity than does Customer A for no reason other than his locality. Note that if Customer B moves into the same neighborhood as Customer A and continues to pay his bills on the first of the month, he no longer incurs these additional fees and charges.

I submit to the commission that granting a public utility the ability to extract fees from consumers via forced timing of utility billing cycles violates the legislative intent of Title 40. A.R.S. §40-361 states, in part, "Charges demanded or received by a public service corporation for any commodity or service shall be just and reasonable." Late charges and other fees related to electric service are imposed on a certain class of consumer due to a combination of circumstances over which they have no control while another class of consumer, simply by luck, avoids these charges. This can hardly be deemed just. Because alternatives to forced billing cycles exist which would have no, or minimal, financial impact to APS these charges are also unreasonable. A.R.S. §40-334 states in part "No public service corporation shall establish or maintain any unreasonable difference as to rates, charges, service, facilities or in any other respect, either between localities or between classes of service." As shown in the above example, APS can maintain effectively different rates for residential electricity usage based on locality through late fees and other charges generated as a result of forced billing cycles. The adjective "unreasonable" in the above statutory language refers to rates, i.e. an amount of money. The term is unquantifiable and thus ambiguous. If you were to ask Customer B, he would assure you that he pays an unreasonably different rate for his electricity vis-à-vis Customer A. The above statutory language implies intent to ensure fair and reasonable treatment of consumers on the part of public utility companies. Forced timing of billing cycles violates that intent.

The above example uses Social Security recipients to illustrate a point. Two facts suggest very strongly that a large and varied class of consumers is impacted. First, the issue appears on the APS website in the Frequently Asked Questions section. It takes this form: "Can I change my billing date to another date?" Second, Arizona Corporation Commission staff indicates that they receive "a lot" of complaints regarding this issue. Clearly, many consumers are dissatisfied with existing utility billing circumstances.

Solutions or alternatives to the forced billing cycle issue can take the form of legislative, operational, or technological adaptations. A group of reasonably minded regulators and utility executives could certainly propose a solution to this issue which would both satisfy consumers and yield no negative net change in revenues, expenses, or operational efficiencies to the public utility in question. Indeed, utility companies in those states which have adopted technological solutions have realized a net benefit. Thus, there is no logical reason to continue to impose forced billing cycles on the consumer of electricity.

I urge the Commission to give this matter serious consideration

SUMMARY

- Forced timing of utility billing cycles imposes unjust and unreasonable financial penalties on a significantly large class of consumers.

- Both Arizona Public Service and Arizona Corporation Commission receive many complaints from consumers regarding this issue.

- A solution to this issue is possible that would satisfy consumers while having no fiscal impact to APS.

- I urge the commission to take this matter under careful consideration and propose a solution.

Sincerely,

JD Parker
Prescott, AZ